

# **ELECTRONIC FUNDS TRANSFER OPTIONS**

## **INFORMATION**

### **ACH Debit**

#### **Department of Revenue Recommended Option**

#### **What Happens:**

Business Day Before  
Payment Due Date:

- ❖ Taxpayer reports key payment information to Global Payment Systems by 3 p.m. CST.
- ❖ Global Payment Systems transmits reported information to the Department of Revenue and to the ACH System.
- ❖ Payment Warehousing is available up to 90 days before a payment is due.

#### **Payment Due Date:**

- ❖ Pre-authorized funds are electronically withdrawn from taxpayer's designated bank account and credited to State's Treasury account on the business day following the phone call.
- ❖ Department of Revenue updates payment records.
- ❖ Taxpayer mails required tax return to the Department of Revenue by due date.

#### **Advantages:**

- ❖ Simple one-step process for taxpayer once the phone call or Internet transaction is made to Global Payment Systems, taxpayer can have confidence that Treasury will receive payment on the due date.
- ❖ No expense for the transaction for the taxpayer.

### **ACH Credit**

#### **What Happens:**

Business Day Before  
Payment Due Date

- ❖ Taxpayer instructs its bank (usually by magnetic tape, diskette, or other media) to send an ACH credit to the State's Treasury for settlement on the payment due date. Taxpayer includes remittance information \*Taxpayer I.D., Tax Type, Period covered) with the payment for proper posting to their account.
- ❖ Bank reports information to the ACH System.

#### **Payment Due Date:**

- ❖ Funds are electronically deposited to the State's Treasury designated bank account.
- ❖ State Treasury provides detailed payment information to the Department of Revenue.
- ❖ Department of Revenue updates payment records.
- ❖ Taxpayer mails required tax return to Revenue.

#### **Advantages:**

- ❖ Less expensive than wire transfers.
- ❖ Treasury receives early morning notification of incoming ACH transactions.
- ❖ No phone calls to 3<sup>rd</sup> party vendor.

#### **Disadvantages:**

- ❖ Taxpayer must add an extra step to payment process by notifying its bank to initiate the ACH credit.
- ❖ Taxpayer increases the chance of late payment if there is a failure in communication with its bank on instructions for initiating the ACH credit.
- ❖ Taxpayer's bank may not have capability of originating ACH transactions.

### **Wire Transfer**

#### **Use as emergency backup only!**

#### **Payment Due Date:**

- ❖ Taxpayer notifies Tennessee Department of Revenue of payment information for emergency transfer of funds at 1-(866) 368-6374 or (615) 253-0704.
- ❖ Taxpayer instructs its bank to wire transfer funds to the State's Treasury, including its taxpayer I.D. number in the wire transfer reference field.
- ❖ Treasury receives wire transfer.
- ❖ Treasury notifies Revenue that payment has been received.
- ❖ Revenue updates payment records.
- ❖ Taxpayer mails tax return to Revenue.

#### **Advantages:**

- ❖ **Electronic payment can be made if ACH Debit or ACH Credit methods are not operational.**

#### **Disadvantages:**

- ❖ Extra step in payment process for taxpayer.
- ❖ Taxpayer has little or no control over what time funds are actually transferred once a wire is requested. It is possible that deadlines could occasionally be missed.
- ❖ Most expensive transaction for taxpayer.
- ❖ Lack of information transferred to update taxpayer's account.